

Rev-A-News

Our DOR is always open to you.

Compliance and Collections

Fire-related Tax Relief and Assistance

Owners of fire-impacted property, forestlands may qualify for property tax relief

Montana property owners whose homes or forestlands burned in this summer's wildfires may be eligible for significant property tax relief.

A property owner whose home or outbuildings were partially or totally destroyed by wildfire, rendering the property unsuitable for its previous use, may be eligible for property tax relief. The tax relief is prorated based on the number of days in the tax year that the property was unusable. The relief is available for the current tax year. Property owners must complete Form AB-25 to apply for the property tax relief. The application should be completed by December 31, 2003.

A forestland owner whose standing timber has been destroyed by wildfire will receive a 50% reduction in the assessed value for 20 years beginning with the 2004 tax year. To qualify for the relief, the land impacted by the disaster must have been classified as commercial forestland prior to the loss. Forestland owners must complete Form AB-26. The deadline for completing and submitting Form AB-26 is the first Monday in June, or within 30 days of receipt of their 2004 property tax assessment, whichever is later.

Property owners and forestland owners who believe they may qualify for property tax relief are encouraged to contact their local Department of Revenue office.

Important Changes For 2004 State Withholding Tax, Unemployment Insurance Reporting and Payment

The administration of the unemployment insurance program will transfer from the Department of Revenue to the Department of Labor and Industry on July 1, 2004. The two state agencies will work closely together to make this transition as smooth as possible for Montana employers.

Beginning with the first quarter of 2004, all reports and payments for unemployment insurance and withholding tax will be submitted separately. Samples of the new reports for unemployment insurance and withholding tax are available. The customer identification number for unemployment insurance and withholding tax will not change and will be pre-printed on all reports and correspondence from both agencies.

Changes to Withholding Tax

The reporting and payment process for state withholding tax for 2004 has been substantially streamlined. The payment coupon will now contain all the information necessary for an employer account. This coupon serves as the employer's report, so a report is due each quarter even if there was no withholding. The coupon booklet also contains the proper forms to make adjustments, address updates or other status changes. Payment coupons for all of 2004 and the Annual Reconciliation MW-3 will be mailed to employers this December.

Withholding taxes will be rounded to the nearest dollar, so new withholding tables are being created.

[Give E-file a Try](#)

With the simplification of the reporting process, the Department of Revenue is encouraging employers and accountants to consider filing and paying withholding taxes online in 2004. E-filing is accurate, secure, and ensures your payments are considered timely. Beginning in January of 2004, employers will be able to conduct several transactions over the Internet, including electronically filing returns, making payments, reporting account adjustments/changes, completing the Annual Reconciliation MW-3, and reviewing past payment information. These online capabilities will greatly benefit both employers and the department.

For more information, please visit the Department of Revenue's website at www.discoveringmontana.com or call the department's Customer Service Center at (406) 444-6900.

Collection Outsourcing

The Department of Revenue recently signed a contract with Government Collection Services (GCS) to provide assistance in collecting outstanding individual income tax liabilities. Initially, we will be outsourcing all small balance accounts less than \$200, all out-of-state accounts, and our older unresolved accounts.

We plan to continue active collection efforts in our Accounts Receivable and Collections Bureau on all newer individual income tax accounts (less than two years old) and other tax types such as withholding tax, corporation taxes and facility lodging tax. The department's collections and information technology staffs are currently working out the details for data file transfers, and plan to complete the initial transfer of collection data to GCS by November 7.

We look forward to GCS's assistance in helping us reduce outstanding individual income tax receivables.

Income Tax Processing

During the month of October, the department's Customer Service Center and Business and Income Tax Division processed more than 9,000 timely filed individual income tax return extensions.

The most common taxpayer error encountered was omission of interest. No penalty is assessed with an extension, but taxpayers must pay interest on their April 15th liability.

Annual State Fee Project

The Department of Revenue bills and collects specific fees for the Department of Agriculture for hail insurance premiums, and the Department of Livestock for per capita livestock fees. This process is the result of House Bill 124 enacted by the 2001 Legislature to restructure and streamline state and local government taxes and state fees.

The 2003 state fee processing is under way. Approximately 28,000 bills were mailed Friday, October 31, and are due back to the department November 30.

The Customer Service Center's Processing & Retention Operations Bureau is responsible for processing these payments and distributing the money to the appropriate agency. This project is accomplished by staff in various divisions and bureaus within the department, all working toward a common goal.

Customer Service

Fast Enterprises/IRIS

Activities related to the department's new computer system, IRIS (Integrated Revenue Information System), are moving quickly. Fast Enterprises, contractor for the new IRIS project and owners of the GenTax integrated tax product, have been working in Helena for the last several months.

Fast Enterprises devotes 100% of their resources to the development and implementation of the GenTax software product. GenTax is a proven application, which processes multiple taxes, including the ability to handle a mix of large complex taxes, and smaller, less technical taxes. Under contract, Fast Enterprises will complete three tax modules by August 30, 2004. Rental car tax was "online" at the end of September 2003. Target dates for future rollouts are as follows: accommodations tax - March 2004, cigarette tax - April 2004, withholding tax - July 2004, COGS (Combined Oil and Gas System) - August 2004.

Fast Enterprises was formed for the express purpose of providing software products and consulting services to revenue agencies. Fast Enterprises has a strong reputation in the area of business and integrated tax, which is highlighted by the fact that all partners have at least 5-10 years integrated tax experience. Several places, including Idaho, Louisiana, New Mexico and British Columbia and Manitoba, Canada have been successful using GenTax.

It is important to understand why the department chose to use an off-the-shelf product. It allows us to hit the ground running with a proven product that works out right out of the box. Although there will be minor changes to the software to fit our business processes, time and cost needed to develop a fully functioning system will be conservative. The goal will be to take advantage of GenTax, not rebuild it. Representatives at Fast Enterprises have emphasized working with users early and often to ensure the system is working as efficient and effective as possible.

Confidentiality

Balancing the Public's Right to Know and Our Confidentiality Requirements

The Department of Revenue takes the issue of confidentiality very seriously. The topic of the public's constitutional right to know appeared in the media across the state last month. This topic was originally brought to the forefront by a statewide "freedom of information" audit conducted this past summer.

Department employees have been given guidelines to follow on whether information is public or confidential. Employees have an essential, and at times difficult, role in balancing the public's information rights with the department's confidentiality requirements. Basically, employees must promptly provide all information the department is legally able to provide and, at the same time, must protect confidential taxpayer information. This issue is so critical that the department annually provides employees with confidentiality information, including an agreement for all employees to sign.

If you have questions about the department's role in sharing and handling information, please e-mail the department's public information officer, Cynthia Pearson, cpiearson@state.mt.us.

New Quarterly Price Book for All-Alcohol Beverage Licensees

The quarterly Liquor Price Book will sport a new look beginning with the quarter of February, March and April 2004. The new design will be due to a change in publisher. As contracts expire, they are re-bid in search of the best product for the best price. The new Liquor Price Book contract has been awarded to American Wine & Liquor. The department is excited to begin work with American Wine & Liquor and believes the result will be a high quality product.

Department of Revenue on the Internet

The Department of Revenue's website provides information about a variety of topics, including:

- Overview of the department (how it is organized, department goals, about the director),
- Specific taxes, licenses, fees and permits,
- Electronic filing (options, guidelines and a registration form), and
- Special department programs, including abandoned property, one-stop licensing, new hire reporting, liquor licensing and liquor distribution.

The site also provides customers with reference materials (Montana Codes Annotated, Administrative Rules, Taxpayer Bill of Rights) and links to other useful sites.

To date, more than 200 of our Montana tax, business, unemployment insurance and miscellaneous forms have been made electronically accessible for download. These forms cover the current tax year and go as far back as 1993.

The website address is www.discoveringmontana.com/revenue.

Calendar of Events

Committee Meetings

For committee membership, agendas, minutes and reports, visit our website at www.discoveringmontana.com/revenue.

Tax Reform Legislative Interim Committee, MACo Conference Room, 2715 Skyway Drive, Helena, Montana, Wednesday, November 12, 2003

Property Tax Reappraisal Legislative Interim Committee, MACo Conference Room, 2715 Skyway Drive, Helena, Montana, Friday, November 21, 2003

Holiday Closures (state holidays)

Veterans' Day

Tuesday, November 11, 2003

Thanksgiving Day

Thursday, November 27, 2003

About the Agency

New Business Plan

The department's Leadership Team is currently developing a business plan for the department that includes a vision statement, mission statement and major goals. The new mission

statements reads, "The Department of Revenue provides accurate and timely information to all our customers, and applies tax laws fairly and consistently, with a competent workforce committed to success." The mission statement follows our new vision statement of "Together, we make it happen."

The major goals developed by the Leadership Team are organized within the four major strategic areas of the Balanced Scorecard and include:

Financial

Maximize revenues through balanced compliance and collection strategies.

Customer Service

Provide our customers with timely information and opportunity for involvement.

Internal Business Processes

Commit to continually improve our compliance and collections processes.

Learning and Growth

Optimize the employee work environment to attract and retain a qualified workforce.

Meet Our Leadership

Steve Austin, Management Services Administrator, Resource Management Division

As Management Services Administrator for the Resource Management Division, Steve Austin has a big job that includes the financial management, asset management and purchasing functions of the department. Steve celebrated his eighteenth year of service with the department in September.

Steve began his career at the Department of Revenue in the Natural Resource & Corporation Tax Division in 1985, as a revenue agent and member of the auditing staff. Steve was later promoted to audit manager of the Corporation Tax Bureau. After spending nearly thirteen years with the same division, Steve became the budget analyst for the department as a member of Policy & Performance Management in 1998. In February 2000, Steve was named the Sub-Process Lead of Management Services in the Resource Management Division and in July of this year began his current role as Management Services Administrator.

Born and raised in Butte, and a graduate of Butte High School, Steve received a B.S. in Business Administration from the University of Montana. He has two daughters who provide that special spark in his life. His special interests include coaching his daughters' soccer teams, the University of Montana and Grizzly athletics and golfing.

Editor's Note: This will be an ongoing series.

Career Opportunities

The Department of Revenue posts new job opportunities on Wednesday and Friday each week. Visit our website www.discoveringmontana.com/revenue and go to About the Agency for current job opportunities.

Business Tax and Valuation Bureau Chief

The department recently hired Shona McHugh as the individual and withholding tax bureau chief. Shona will manage within the Business and Income Taxes Division. This position will provide strategic direction and management over tax compliance activities related to the Montana individual income and withholding taxes.

Shona has a BA from Montana State University with a major in accounting, more than 17 years experience with the department, is a Certified Public Accountant and has served in a lead or manager role for more than seven years. Shona currently serves on the State Taxation Committee of the Montana Society of Certified Public Accountants.

Internal Auditor

The department is currently reviewing applications for a new internal auditor position. The internal auditor will perform in-depth business process audits by examining and reviewing internal control of all divisions and assess whether the current systems are achieving the desired results.